

MEMORANDUM



DATE: November 27, 2018
TO: Members of the House Appropriations Committee
FROM: Mary Ann Cleary, Director *MAC*
RE: Legislative Transfer Package 2018-9 and 2018-11

Attached are legislative transfers proposed by the State Budget Office in the letters dated October 25, 2018 and November 19, 2018. Pursuant to section 393 of the Management and Budget Act, a legislative transfer must be approved by a majority of both the House and Senate Appropriations Committees, with identical funding sources and dollar amounts, in order to become effective. This transfer package is scheduled to be considered by the House Appropriations Committee on Wednesday, November 28, 2018.

There are two basic types of legislative transfers, which have different effects on the overall level of appropriations in the state budget.

A **standard legislative transfer** shifts existing spending authorization between line items in a particular budget area, with no net change in total appropriations. Generally, such transfers are proposed when expenditures are higher than originally anticipated in one line item and lower than anticipated in another. These transfers can represent a shift of GF/GP funding between two line items, or merely a shift of spending authorization from same broad category of funding (federal, restricted, etc.) between the line items.

As shown in the attached table, standard transfers in this package total \$203.7 million, which will shift 0.36% of total appropriations within the existing FY 2017-18 year-to-date state budget.


A **contingency fund transfer** increases total line item appropriations in a budget area by moving contingency spending authorization from the boilerplate section of a budget act to a specific line item in order to recognize additional federal, private, local, or state restricted revenue that has become available since the original enactment of the budget. Absent the contingency fund transfer mechanism, this type of budget adjustment would be made through a supplemental appropriation bill.

As shown in the attached table, contingency fund transfers in this package total \$50.6 million, which will increase the FY 2017-18 year-to-date state budget by 0.09%.

If you have questions about the transfers generally, please contact me. If you have questions about an individual transfer, please contact the HFA analyst assigned to that budget area. We can be reached at 373-8080.

Attachment

LEGISLATIVE TRANSFER PACKAGE

 <p>Mary Ann Cleary, Director Viola Bay Wild, Transfer Coordinator Compiled by Tumai Burris, Budget Assistant</p>	<p>Summary Sheet</p> <p>SBO LETTERS: 2018-9 October 25, 2018 2018-11 November 19, 2018</p>	
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Department	Analyst	Page	Total Transfer
Corrections	Robin Risko	1	\$3,900,000
Health and Human Services	Sue Frey Kent Dell Kevin Koorstra Viola Bay Wild	2-10	229,350,000
Licensing and Regulatory Affairs	Marcus Coffin	11	150,000
Military and Veterans Affairs	Mike Cnossen	12-13	1,250,000
School Aid	Bethany Wicksall Samuel Christensen Jacqueline Mullen	14	9,700,000
State Police	Marcus Coffin	15-18	8,469,000
Technology, Management and Budget	Mike Cnossen	19	1,500,000
Total			\$254,319,000

FY 2017-18 Legislative Transfers: Requests 2018-9 and 2018-11

Budget	Year-to-Date Total Approps	Standard Transfers (Within Existing Budget)						% of Budget	
		IDG	Federal	Local	Private	Restricted	GF/GP	TOTAL	Shifted
Corrections	2,003,669,200						3,900,000	3,900,000	0.19%
Health and Human Services	24,892,907,500		75,100,000			7,450,000	96,800,000	179,350,000	0.72%
Military and Veterans Affairs	192,144,400		1,000,000				250,000	1,250,000	0.65%
School Aid	14,582,670,800					9,700,000	0	9,700,000	0.07%
State Police	748,396,300		2,960,000			5,029,000		7,989,000	1.07%
Technology, Management and Budget	1,182,242,600	1,500,000	0	0	0	0		1,500,000	0.13%
TOTAL*	\$56,414,713,900	\$1,500,000	\$79,060,000	\$0	\$0	\$22,179,000	\$100,950,000	\$203,689,000	0.36%

*Includes budget areas not affected by transfers

Budget	Year-to-Date Total Approps	Contingency Fund Transfers (Increases Budget)						% Budget	
		IDG	Federal	Local	Private	Restricted	GF/GP	TOTAL	Increased
Health and Human Services	24,892,907,500		50,000,000					50,000,000	0.20%
Licensing and Regulatory Affairs	435,272,000					150,000		150,000	0.03%
State Police	748,396,300					480,000		480,000	0.06%
TOTAL*	\$56,414,713,900	\$0	\$50,000,000	\$0	\$0	\$630,000	\$0	\$50,630,000	0.09%

*Includes budget areas not affected by transfers

LEGISLATIVE TRANSFER

BUDGET AREA: **CORRECTIONS**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$3,900,000**

S.B.O. LETTER: **10/25/18**
 S.B.O. REQUEST: **2018-9**
 ANALYST: **Robin Risko**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 11/15/18	BALANCE AVAILABLE AS OF 11/15/18	GOV'S REC. 10/25/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 106. HEALTH CARE						
Clinical complexes	144,082,600	140,517,609	3,564,991	(750,000)		
Funding source:						
State general fund/general purpose	143,825,400	140,317,859	3,507,541	(750,000)		
Mental health services and support	60,606,400	56,525,558	4,080,842	(3,150,000)		
Funding source:						
State general fund/general purpose	60,606,400	56,525,558	4,080,842	(3,150,000)		
TO: SEC. 106. HEALTH CARE						
Prisoner health care services	71,636,400	70,689,529	946,871	3,900,000		
Funding source:						
State general fund/general purpose	71,636,400	70,689,529	946,871	3,900,000		

The transfer to the Prisoner Health Care Services line item is necessary to cover higher than anticipated offsite health care costs. The department experienced an increase in outpatient specialty care referrals during the year, with the number of referrals for three months reaching all-time highs. Funding is available from the Clinical Complexes and Mental Health Services and Support line items as a result of vacant nursing and mental health treatment staff positions. This transfer is requested by November 29, 2018.

LEGISLATIVE TRANSFER

BUDGET AREA: **DEPARTMENT OF HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$34,500,000**

S.B.O. LETTER: **11/19/18**
 S.B.O. REQUEST: **2018-11**
 ANALYST: **Viola Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 11/16/18	BALANCE AVAILABLE AS OF 11/16/18	GOV'S REC. 11/19/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 119. CHILDREN'S SPECIAL HEALTH CARE SERVICES						
Medical care and treatment	212,099,700	216,717,621	(4,617,921)	(7,000,000)		
Funding source:						
State general fund/general purpose	92,596,500	84,477,173	8,119,327	(7,000,000)		
SEC. 122. MEDICAL SERVICES						
Health plan services	4,961,777,100	4,821,465,005	140,312,095	(27,500,000)		
Funding source:						
State general fund/general purpose	84,518,500	131,631,454	(47,112,954)	(27,500,000)		
TO: SEC. 105. CHILDREN'S SERVICES AGENCY - CHILD WELFARE						
Child care fund	198,860,000	212,964,597	(14,104,597)	16,100,000		
Funding source:						
State general fund/general purpose	163,084,900	211,972,707	(48,887,807)	16,100,000		
Foster care payments	219,690,200	240,355,075	(20,664,875)	18,400,000		
Funding source:						
State general fund/general purpose	90,487,700	124,184,312	(33,696,612)	18,400,000		

This transfer requests a shift of \$34.5 million in GF/GP authorization from the Medical Care and Treatment and Health Plan Services line items to the Foster Care Payments and Child Care Fund line items. Based on the department's expenditure projections and cost allocation plan, increased GF/GP authorization is needed to meet remaining children's services caseload obligations. Increased expenditures in the Child Care Fund (CCF) are attributed to various factors, which may include revisions agreed to for the CCF reimbursement policies, including the 10% administrative/indirect cost rate to counties instead of direct billing in FY 2017-18 and an increase in institutional residential care placement which is much more expensive than regular foster care placement. The increase requested for the Foster Care line item is based upon a small increase in the number of foster care cases, however, expenditures for caseload payments are at a much higher level than anticipated.

Sufficient authorization is available in the Medical Care and Treatment and Health Plan Services lines due to lower than projected caseload expenditures including higher pharmacy rebate revenue. Both appropriations are consensus caseload accounts. This transfer is requested by November 29, 2018.

LEGISLATIVE TRANSFER

BUDGET AREA: **DEPARTMENT OF HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$600,000**

S.B.O. LETTER: **11/19/18**
 S.B.O. REQUEST: **2018-11**
 ANALYST: **Viola Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 11/16/18	BALANCE AVAILABLE AS OF 11/16/18	GOV'S REC. 11/19/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 105. CHILDREN'S SERVICES AGENCY - CHILD WELFARE						
Adoption subsidies	209,190,900	206,592,182	2,598,718	(600,000)		
Funding source:						
State general fund/general purpose	62,687,600	56,336,839	6,350,761	(600,000)		
TO: SEC. 105. CHILDREN'S SERVICES AGENCY - CHILD WELFARE						
Adoption support services	27,283,500	28,168,080	(884,580)	600,000		
Funding source:						
State general fund/general purpose	14,050,900	17,747,476	(3,696,576)	600,000		

This transfer requests a shift of \$600,000 in GF/GP authorization from the Adoption Subsidies line item to the Adoption Support Services line item. The Department anticipates a GF/GP shortfall in the Adoption Support Services line item due to higher than anticipated adoption incentive payments. The Adoption Support Services line item funds payments to private adoption agencies for the adoption placement and finalization of children who are in the child welfare system. Payments are based on the timeliness of placement and finalization. Due to recommendations from a recent adoption contract workgroup, a contract amendment was made that lengthened the time required for certain goals, thus helping providers to exceed anticipated adoption goals and increasing the required funding amount for payments. Sufficient authorization is available in the Adoption Subsidies line item due to lower than projected caseload expenditures. This transfer is requested by November 29, 2018.

LEGISLATIVE TRANSFER

BUDGET AREA: **DEPARTMENT OF HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$129,150,000**

S.B.O. LETTER: **11/19/18**
 S.B.O. REQUEST: **2018-11**
 ANALYST: **Kevin Koorstra**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 11/16/18	BALANCE AVAILABLE AS OF 11/16/18	GOV'S REC. 11/19/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 122. MEDICAL SERVICES						
Federal Medicare pharmaceutical program	269,513,900	264,442,838	5,071,062	(4,500,000)		
Funding source						
State general fund/general purpose	269,513,900	264,442,838	5,071,062	(4,500,000)		
Health plan services	4,961,777,100	4,821,465,005	140,312,095	(32,300,000)		
Funding sources:						
Total other federal revenues	3,313,217,100	3,180,441,522	132,775,578	(20,100,000)		
Total other state restricted revenues	1,549,089,000	1,495,929,791	53,159,209	(450,000)		
State general fund/general purpose	84,518,500	131,631,454	(47,112,954)	(11,750,000)		
Healthy Michigan plan	3,602,443,200	3,513,890,632	88,552,568	(20,000,000)		
Funding sources:						
Total other federal revenues	3,382,299,800	3,308,895,452	73,404,348	(20,000,000)		
Hospital services and therapy	730,750,800	752,757,349	(22,006,549)	(7,000,000)		
Funding sources:						
Total other state restricted revenues	240,994,400	227,585,142	13,409,258	(7,000,000)		
Integrated care organizations	275,399,400	259,722,707	15,676,693	(3,000,000)		
Funding source:						
State general fund/general purpose	96,414,000	91,425,103	4,988,897	(3,000,000)		
Long-term care services	1,797,550,600	1,888,380,392	(90,829,792)	(1,000,000)		
Funding source:						
State general fund/general purpose	287,133,900	327,130,723	(39,996,823)	(1,000,000)		

LEGISLATIVE TRANSFER

BUDGET AREA: **DEPARTMENT OF HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$129,150,000 (Continued)**

S.B.O. LETTER: **11/19/18**
 S.B.O. REQUEST: **2018-11**
 ANALYST: **Kevin Koorstra**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 11/16/18	BALANCE AVAILABLE AS OF 11/16/18	GOV'S REC. 11/19/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 122. MEDICAL SERVICES						
Physician services	308,724,200	220,510,237	88,213,963	(61,350,000)		
Funding sources:						
Total other federal revenues	206,161,500	146,517,968	59,643,532	(35,000,000)		
State general fund/general purpose	102,562,700	73,992,270	28,570,430	(26,350,000)		
TO: SEC. 111. BEHAVIORAL HEALTH SERVICES						
Healthy Michigan plan – behavioral health	306,049,300	304,434,380	1,614,920	2,000,000		
Funding source:						
State general fund/general purpose	17,597,900	18,966,792	(1,368,892)	2,000,000		
Medicaid mental health services	2,326,725,500	2,317,274,031	9,451,469	2,450,000		
Funding sources:						
Total other state restricted revenues	20,533,300	20,362,935	170,365	450,000		
State general fund/general purpose	761,746,700	762,378,689	(631,989)	2,000,000		
Nursing home PAS/ARR-OBRA	12,274,100	11,269,692	1,004,408	350,000		
Funding source:						
State general fund/general purpose	2,728,200	2,817,421	(89,221)	350,000		
SEC. 119. CHILDREN'S SPECIAL HEALTH CARE SERVICES						
Children's special health care services administration	6,028,300	5,598,787	429,513	500,000		
Funding source:						
Total other federal revenues	3,052,900	3,202,485	(149,585)	500,000		

LEGISLATIVE TRANSFER

BUDGET AREA: **DEPARTMENT OF HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$129,150,000 (Continued)**

S.B.O. LETTER: **11/19/18**
 S.B.O. REQUEST: **2018-11**
 ANALYST: **Kevin Koorstra**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 11/16/18	BALANCE AVAILABLE AS OF 11/16/18	GOV'S REC. 11/19/18	HOUSE ACTION	SENATE ACTION
TO: SEC. 119. CHILDREN'S SPECIAL HEALTH CARE SERVICES						
Medical care and treatment	212,099,700	216,717,621	(4,617,921)	15,000,000		
Funding source:						
Total other federal revenues	116,642,200	129,360,293	(12,718,093)	15,000,000		
SEC. 122. MEDICAL SERVICES						
Adult home help services	331,814,900	335,624,831	(3,809,931)	5,500,000		
Funding sources:						
Total other federal revenues	214,469,100	216,763,702	(2,294,602)	3,500,000		
State general fund/general purpose	117,345,800	118,861,129	(1,515,329)	2,000,000		
Healthy Michigan plan	3,602,443,200	3,513,890,632	88,552,568	3,500,000		
Funding source:						
State general fund/general purpose	154,220,600	142,967,245	11,253,355	3,500,000		
Home health services	5,938,600	5,927,442	11,158	250,000		
Funding source:						
State general fund/general purpose	2,014,600	2,079,858	(65,258)	250,000		
Hospital disproportionate share payments	45,000,000	46,302,612	(1,302,612)	1,500,000		
Funding sources:						
Total other federal revenues	29,151,000	29,994,832	(843,832)	1,000,000		
State general fund/general purpose	9,734,100	10,015,255	(281,155)	500,000		
Hospital services and therapy	730,750,800	752,757,349	(22,006,549)	45,000,000		
Funding source:						
Total other federal revenues	458,010,300	526,339,821	(68,329,521)	25,000,000		
State general fund/general purpose	31,746,100	(1,167,614)	32,913,714	20,000,000		

LEGISLATIVE TRANSFER

BUDGET AREA: **DEPARTMENT OF HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$129,150,000 (Continued)**

S.B.O. LETTER: **11/19/18**
 S.B.O. REQUEST: **2018-11**
 ANALYST: **Kevin Koorstra**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 11/16/18	BALANCE AVAILABLE AS OF 11/16/18	GOV'S REC. 11/19/18	HOUSE ACTION	SENATE ACTION
TO: SEC. 122. MEDICAL SERVICES						
Medicare premium payments	570,856,700	569,946,722	909,978	4,000,000		
Funding source:						
State general fund/general purpose	122,344,600	126,369,678	(4,025,078)	4,000,000		
Pharmaceutical services	300,997,100	287,614,044	13,383,056	11,000,000		
Funding source:						
State general fund/general purpose	103,570,300	98,780,943	4,789,357	11,000,000		
Special Medicaid reimbursement	298,277,400	181,912,688	116,364,712	37,000,000		
Funding sources:						
Total other federal revenues	190,747,100	123,637,751	67,109,349	30,000,000		
Total other state restricted revenues	95,394,600	48,781,971	46,612,629	7,000,000		
Transportation	21,107,200	20,890,742	216,458	1,100,000		
Funding sources:						
Total other federal revenues	13,137,500	13,100,258	37,242	100,000		
State general fund/general purpose	7,969,700	7,790,485	179,215	1,000,000		

This transfer shifts \$129.2 million Gross (\$46.4 million GF/GP) between Medicaid service lines to account for differences between May consensus caseload estimates and anticipated final Medicaid expenditures. GF/GP is available for transfer in the Federal Medicare Pharmaceutical Program, Physician Services, Integrated Care Services and Long-Term Care Services line items due to caseload spending below appropriated levels. Additional GF/GP is available for transfer from the Health Plan Services line item due to greater than budgeted claims for state psychiatric disproportionate share hospital (DSH) and higher than budgeted retainer savings through hospital rate adjustment (HRA) payments. Both of these special financing adjustments reduce GF/GP need within the Health Plan Services line item.

Additional authority is necessary across a number of Medicaid service line items to address greater than forecasted caseload cost including Hospital Services and Therapy, Medical Care and Treatment, Pharmaceutical Services, Adult Home Help and Medicare Premium Payments. Additional GF/GP is requested for the Medicaid Mental Health Services and Healthy Michigan Plan - Behavioral Health line items to account for anticipated state payments to contracted Pre-Paid Inpatient Health Plans for contractually required risk settlement payments. Additional federal and restricted funds are necessary for the Special Medicaid Reimbursement line item to account for an increase in the state psychiatric disproportionate share hospital (DSH), which also accounts for GF/GP savings within the Health Plan Services line item. This transfer is requested by November 29, 2018.

LEGISLATIVE TRANSFER

BUDGET AREA: **DEPARTMENT OF HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$50,000,000**

S.B.O. LETTER: **11/19/18**
 S.B.O. REQUEST: **2018-11**
 ANALYST: **Kent Dell**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 11/16/18	BALANCE AVAILABLE AS OF 11/16/18	GOV'S REC. 11/19/18	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 107 of 2017 ARTICLE X, SEC. 210(1)						
Contingency funds	373,746,400	NA	NA	(50,000,000)		
Funding source						
Total other federal revenues	373,746,400	NA	NA	(50,000,000)		
TO: SEC. 123. INFORMATION TECHNOLOGY						
Information technology services and projects	159,238,200	222,615,551	(63,377,351)	46,000,000		
Funding sources:						
Capped federal revenues	12,188,800	13,268,673	(1,079,873)	10,000,000		
Total other federal revenues	65,283,400	88,438,591	(23,155,191)	36,000,000		
Michigan Medicaid information system	75,634,400	69,806,166	5,828,234	4,000,000		
Funding source:						
Total other federal revenues	42,837,600	40,660,518	2,177,082	4,000,000		

This transfer requests \$50.0 million in additional federal spending authorization from federal contingency funds to cover estimated expenditures within the Information Technology Services and Projects and the Medicaid Management Information System line items. The department has indicated that it has identified approximately \$2.0 to \$3.0 million in additional federal revenues that can be leveraged, as of 11/21/2018, and is currently assessing other projects where federal revenue match rates are higher than originally anticipated. A similar transfer request within this package re-directs GF/GP authorization to these same line items in order to address an estimated shortfall in GF/GP revenue. These two transfers combined redirect \$65.1 million Gross (\$15.1 million GF/GP) in order to address the shortfall in the information technology line items. This transfer is requested by November 29, 2018.

LEGISLATIVE TRANSFER

BUDGET AREA: **DEPARTMENT OF HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$15,100,000**

S.B.O. LETTER: **11/19/18**
 S.B.O. REQUEST: **2018-11**
 ANALYST: **Kent Dell**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 11/16/18	BALANCE AVAILABLE AS OF 11/16/18	GOV'S REC. 11/19/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 110. BEHAVIORAL HEALTH PROGRAM ADMINISTRATION AND SPECIAL PROJECTS						
Behavioral health program administration	60,346,400	28,769,653	31,576,747	(8,179,400)		
Funding source:						
State general fund/general purpose	26,577,500	19,063,094	7,514,406	(8,179,400)		
SEC. 117. FAMILY, MATERNAL, AND CHILD HEALTH						
Family, maternal, and child health administration	9,103,600	7,849,184	1,254,416	(800,000)		
Funding source:						
State general fund/general purpose	2,835,700	1,934,620	901,080	(800,000)		
SEC. 108. FIELD OPERATIONS AND SUPPORT SERVICES						
Electronic benefit transfer (EBT)	8,509,000	4,953,198	3,555,802	(1,720,600)		
Funding source:						
State general fund/general purpose	5,363,900	1,974,496	3,389,404	(1,720,600)		
SEC. 107. PUBLIC ASSISTANCE						
Emergency services local office allocations	9,357,500	5,206,922	4,150,578	(1,300,000)		
Funding source:						
State general fund/general purpose	3,842,500	2,469,127	1,373,373	(1,300,000)		
Low-income home energy assistance program	177,451,600	117,763,013	59,688,587	(2,500,000)		
Funding source:						
State general fund/general purpose	2,500,000	0	2,500,000	(2,500,000)		

LEGISLATIVE TRANSFER

BUDGET AREA: **DEPARTMENT OF HEALTH AND HUMAN SERVICES**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$15,100,000 (Continued)**

S.B.O. LETTER: **11/19/18**
 S.B.O. REQUEST: **2018-11**
 ANALYST: **Kent Dell**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 11/16/18	BALANCE AVAILABLE AS OF 11/16/18	GOV'S REC. 11/19/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 107. PUBLIC ASSISTANCE						
State supplementation administration	2,381,100	1,751,467	629,633	(600,000)		
Funding source:						
State general fund/general purpose	2,381,100	1,751,467	629,633	(600,000)		
TO: SEC. 123. INFORMATION TECHNOLOGY						
Information technology services and projects	159,238,200	222,615,551	(63,377,351)	10,800,000		
Funding source:						
State general fund/general purpose	54,777,300	90,455,670	(35,678,370)	10,800,000		
Michigan Medicaid information system	75,634,400	69,806,166	5,828,234	4,300,000		
Funding source:						
State general fund/general purpose	7,796,800	11,931,867	(4,135,067)	4,300,000		

This transfer reallocates \$15.1 million GF/GP to the Information Technology Services and Projects and the Michigan Medicaid Information Services line items, where expenditures are projected to exceed current authorization. Funding is transferred from various other line items with excess GF/GP authorization, including \$8.2 million GF/GP available within the Behavioral Health Program Administration line item from funding initially appropriated for initiatives related to Mental Health and Wellness Commission recommendations. These initiatives will instead be supported by FY 2015-16 and FY 2016-17 work project funding. An additional \$2.5 million GF/GP is available from the Low-Income Home Energy Assistance Program (LIHEAP) line item as funding initially allocated for crisis energy assistance as part of the restoration of "Heat and Eat" payments to low-income households has not been needed due to the number of households eligible for the payment being lower than anticipated. A similar transfer request on page 8 of this package requests additional federal contingency fund authorization to these same information technology line items in order to reallocate federal revenues available to other programs via federal cost sharing. These two transfers combined redirect \$65.1 million Gross (\$15.1 million GF/GP) in order to address the shortfall in the information technology line items. This transfer is requested by November 29, 2018.

LEGISLATIVE TRANSFER

BUDGET AREA: **LICENSING AND REGULATORY AFFAIRS**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$150,000**

S.B.O. LETTER: **10/25/18**
 S.B.O. REQUEST: **2018-9**
 ANALYST: **Marcus Coffin**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 11/14/18	BALANCE AVAILABLE AS OF 11/14/18	GOV'S REC. 10/25/18	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 107 of 2017 ARTICLE XIII, SEC. 210(2)						
Contingency funds	25,000,000	NA	NA	(150,000)		
Funding source:						
Total state restricted revenues	25,000,000	NA	NA	(150,000)		
TO: SEC. 109. GRANTS						
Liquor law enforcement grants	7,200,000	7,350,000	(150,000)	150,000		
Funding source:						
Liquor license revenue	7,200,000	7,350,000	(150,000)	150,000		

This transfer increases state restricted spending authorization for the Liquor Law Enforcement Grants line item by \$150,000 to allow for the required level of payments to local law enforcement agencies pursuant to the Liquor Control Code (MCL 436.1543). Spending authority is available from state restricted contingency funds in accordance with PA 107 of 2017, Article XIII, Section 210(2). This transfer is requested by November 29, 2018.

LEGISLATIVE TRANSFER

BUDGET AREA: **MILITARY AND VETERANS AFFAIRS**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$250,000**

S.B.O. LETTER: **10/25/18**
 S.B.O. REQUEST: **2018-9**
 ANALYST: **Michael Cnossen**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 11/16/18	BALANCE AVAILABLE AS OF 11/16/18	GOV'S REC. 10/25/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 102. MILITARY						
Headquarters and armories	20,317,800	19,754,197	563,603	(250,000)		
Funding source:						
State general fund/general purpose	7,507,800	6,583,779	924,021	(250,000)		
TO: SEC. 106. INFORMATION TECHNOLOGY						
Information technology services and projects	1,390,700	1,343,244	47,456	105,000		
Funding source:						
State general fund/general purpose	403,900	544,983	(141,083)	105,000		
SEC. 102. MILITARY						
Departmentwide	3,353,100	1,734,902	1,618,198	145,000		
Funding source:						
State general fund/general purpose	308,900	286,635	22,265	145,000		

This request transfers available GF/GP authorization from Headquarters and Armories line item to the Departmentwide and Information Technology Services and Projects line items to support worker's compensation, travel, training, equipment, and monthly DTMB information technology user charges. DTMB user charges were higher than anticipated due to a change in the way DTMB user charges are assessed in FY 2017-18. Charges now include a per user charge in addition to a per desktop charge which has impacted DMVA expenditures due to the department's high number of workers, such as non-state supervisors and contractors, that require computer user IDs. GF/GP authorization is available in the Headquarters and Armories line item as a result of vacant positions. Transfer authorization is requested by November 29, 2018.

LEGISLATIVE TRANSFER

BUDGET AREA: **MILITARY AND VETERANS AFFAIRS**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$1,000,000**

S.B.O. LETTER: **10/25/18**
 S.B.O. REQUEST: **2018-9**
 ANALYST: **Michael Cnossen**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 11/16/18	BALANCE AVAILABLE AS OF 11/16/18	GOV'S REC. 10/25/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 102. MILITARY						
Military training sites and support facilities	35,956,100	34,091,235	1,864,865	(1,000,000)		
Funding source:						
Other federal revenues	32,760,500	31,831,320	929,180	(1,000,000)		
TO: SEC. 102. MILITARY						
Headquarters and armories	20,317,800	19,754,197	563,603	1,000,000		
Funding source:						
Other federal revenues	12,560,000	13,015,112	(455,112)	1,000,000		

This request transfers available federal authorization from the Military Training Sites and Support Facilities line item to the Headquarters and Armories line item to align authorization with available revenues to support federally funded personnel and contractor costs and maintenance of armory facilities. Personnel will support programs covered under the Master Cooperative Agreement with the National Guard Bureau. These programs include Distributed Learning, Emergency Management, Antiterrorism, Electronic Security Systems, Environmental Resources, and Construction and Facilities Management. Spending authority is available due to lower than anticipated costs related to deferred projects from the Construction and Facilities Management Office. Transfer authorization is requested by November 29, 2018.

LEGISLATIVE TRANSFER

BUDGET AREA: **SCHOOL AID**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$9,700,000**

S.B.O. LETTER: **10/25/18**
 S.B.O. REQUEST: **2018-9**

ANALYST: **Bethany Wicksall/Samuel Christensen/Jacqueline Mullen**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/29/18	BALANCE AVAILABLE AS OF 10/29/18	GOV'S REC. 10/25/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 22b. DISCRETIONARY PAYMENT						
Discretionary payment	4,024,769,400	4,004,943,320	19,826,080	(9,700,000)		
Funding source:						
School aid fund	3,947,760,500	3,934,293,313	13,467,187	(9,700,000)		
TO: SEC. 11m. CASH FLOW BORROWING						
Cash flow borrowing costs	18,000,000	0	18,000,000	9,700,000		
Funding source:						
School aid fund	18,000,000	0	18,000,000	9,700,000		

This request would transfer funds from the Foundation Allowance - Discretionary Payment line to cover additional cash flow borrowing costs. Funds in the Discretionary Payment account are expected to be available after all other obligations are met. Cash flow interfund borrowing costs to make timely state school aid payments are higher than the amount estimated during the May 2018 Consensus Revenue Estimating Conference due to increasing interest rates and lower School Aid Fund balances. This transfer is requested as part of FY 2017-18 book closing.

LEGISLATIVE TRANSFER

BUDGET AREA: **STATE POLICE**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$3,500,000**

S.B.O. LETTER: **10/25/18**
 S.B.O. REQUEST: **2018-9**
 ANALYST: **Marcus Coffin**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/26/18	BALANCE AVAILABLE AS OF 10/26/18	GOV'S REC. 10/25/18	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 107 of 2017 ARTICLE XVI, SEC. 210(2)						
Contingency funds	483,400	NA	NA	(480,000)		
Funding source:						
Total state restricted revenues	483,400	NA	NA	(480,000)		
SEC. 102. DEPARTMENTAL ADMINISTRATION AND SUPPORT						
Departmentwide	40,942,200	37,263,700	3,678,500	(500,000)		
Funding source:						
Other state restricted revenues	3,338,700	572,700	2,766,000	(500,000)		
SEC. 104. MICHIGAN COMMISSION ON LAW ENFORCEMENT STANDARDS						
Standards and training/justice training grants	9,986,500	5,427,700	4,558,800	(2,520,000)		
Funding source:						
Other state restricted revenues	8,561,400	4,505,600	4,055,800	(2,520,000)		
TO: SEC. 107. INFORMATION TECHNOLOGY						
Information technology services and projects	25,762,400	25,730,300	(967,900)	3,500,000		
Funding source:						
Other state restricted revenues	9,365,000	11,391,900	(2,026,900)	3,500,000		

This request transfers existing state restricted revenue spending authorization from the Standards and Training/Justice Training Grants and Departmentwide line items and state restricted contingency authorization to the Information Technology Services and Projects line item. Additional Criminal Justice Information Center Service Fee revenues are available for expenditure in order to support upgrades and maintenance for departmental information technology systems for data collection and analytics, intelligence management, and report writing. Spending authority is available due to lower than anticipated Marihuana Regulatory Fund and Michigan Justice Training Fund revenues, as well as contingency fund authorization pursuant to 2017 PA 107, Article XVI, Section 210(2).

LEGISLATIVE TRANSFER

BUDGET AREA: **STATE POLICE**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$710,000**

S.B.O. LETTER: **10/25/18**
 S.B.O. REQUEST: **2018-9**
 ANALYST: **Marcus Coffin**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/26/18	BALANCE AVAILABLE AS OF 10/26/18	GOV'S REC. 10/25/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 106. SPECIALIZED SERVICES						
Hazardous materials programs	30,139,700	12,161,300	17,978,400	(710,000)		
Funding source:						
Other federal revenues	25,766,500	8,676,700	17,089,800	(710,000)		
TO: SEC. 106. SPECIALIZED SERVICES						
Commercial vehicle enforcement	29,521,700	24,500,400	5,021,300	710,000		
Funding source:						
Other federal revenues	7,737,600	7,635,700	101,900	710,000		

This request transfers existing federal revenue authorization from the Hazardous Materials Programs line item to the Commercial Vehicle Enforcement line item. Additional Motor Carrier Safety Assistance Program funds are available from the U.S. Department of Transportation in support of Commercial Vehicle Enforcement Division operations. Federal revenue authorization is available due to lower than expected revenues from the U.S. Department of Homeland Security.

LEGISLATIVE TRANSFER

BUDGET AREA: **STATE POLICE**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$4,250,000**

S.B.O. LETTER: **10/25/18**
 S.B.O. REQUEST: **2018-9**
 ANALYST: **Marcus Coffin**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/26/18	BALANCE AVAILABLE AS OF 10/26/18	GOV'S REC. 10/25/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 102. DEPARTMENTAL ADMINISTRATION AND SUPPORT						
Departmentwide	40,942,200	37,263,700	3,678,500	(2,000,000)		
Funding sources:						
Other state restricted revenues	3,338,700	572,700	2,766,000	(2,000,000)		
SEC. 106. SPECIALIZED SERVICES						
Hazardous materials programs	30,139,700	12,161,300	17,978,400	(2,250,000)		
Funding source:						
Other federal revenues	25,766,500	8,676,700	17,089,800	(2,250,000)		
TO: SEC. 103. LAW ENFORCEMENT SERVICES						
Criminal justice information center	19,917,400	20,512,500	(595,100)	4,250,000		
Funding sources:						
Other federal funds	1,924,500	3,121,500	(1,197,000)	2,250,000		
Other state restricted revenues	12,866,100	12,588,800	277,300	2,000,000		

This request transfers available federal and state restricted authorization from the Hazardous Materials Programs and Departmentwide line items to the Criminal Justice Information Center line item in order to align authorization with available Criminal Justice Information Center Service Fee revenue to support ongoing maintenance and integration of various criminal justice information systems including criminal history improvement activities, sex offender registry enforcement, and traffic record improvement. Spending authority is available due to lower than anticipated revenues from the U.S. Departments of Transportation and Justice, and from the Marijuana Regulatory Fund revenues.

LEGISLATIVE TRANSFER

BUDGET AREA: **STATE POLICE**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$9,000**

S.B.O. LETTER: **10/25/18**
 S.B.O. REQUEST: **2018-9**
 ANALYST: **Marcus Coffin**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 10/26/18	BALANCE AVAILABLE AS OF 10/26/18	GOV'S REC. 10/25/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 104. MICHIGAN COMMISSION ON LAW ENFORCEMENT STANDARDS						
Standards and training/justice training grants	9,986,500	5,427,700	4,558,800	(9,000)		
Funding source:						
Other state restricted revenues	8,561,400	4,505,600	4,055,800	(9,000)		
TO: SEC. 102. DEPARTMENTAL ADMINISTRATION AND SUPPORT						
Executive direction	4,170,100	4,052,600	117,500	7,500		
Funding source:						
Other state restricted revenues	491,500	483,700	7,800	7,500		
Department services:	8,823,200	7,917,100	906,100	1,500		
Funding source:						
Other state restricted revenues	1,161,000	824,900	336,100	1,500		

This request transfers Michigan Justice Training Fund spending authorization from the Standards and Training/Justice Training Grants line item to the Executive Direction and Department Services line items in order to align administrative cost allocations for the fund in accordance with the department cost allocation plan.

LEGISLATIVE TRANSFER

BUDGET AREA: **TECHNOLOGY, MANAGEMENT AND BUDGET**
 FISCAL YEAR: **2017-18**
 TRANSFER AMOUNT: **\$1,500,000**

S.B.O. LETTER: **10/25/18**
 S.B.O. REQUEST: **2018-9**
 ANALYST: **Michael Cnossen**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 11/14/18	BALANCE AVAILABLE AS OF 11/14/18	GOV'S REC. 10/25/18	HOUSE ACTION	SENATE ACTION
FROM: SEC. 107(3) TECHNOLOGY SERVICES						
General services	107,508,000	(3,123,396)*	110,631,396*	(1,500,000)		
Funding source:						
IDG from technology user fees	107,508,000	(3,123,396)*	110,631,396*	(1,500,000)		
TO: SEC. 107.(2) DEPARTMENTAL ADMINISTRATION AND SUPPORT						
Motor vehicle fleet	74,299,300	75,526,394**	(1,227,094)**	1,500,000		
Funding source:						
IDG from motor transport fund	74,299,300	75,526,394**	(1,227,094)**	1,500,000		

\$1.5 million is requested to transfer to motor vehicle fleet operations due higher than anticipated fuel prices and miles driven by the state's vehicle fleet during FY 2017-18. DTMB develops its fleet operations budget utilizing federal Energy Information Agency (EIA) data to estimate retail fuel prices. The FY 2017-18 motor vehicle fleet was budgeted at \$74.4 million anticipating an average fuel price of \$2.47/gallon, while the actual average price for the fiscal year was \$2.91/gallon. Additionally, the budget assumed the fleet would travel 122 million miles over the fiscal year while the actual number of miles driven was 2.6 million over this. Authorized funds for the transfer are available from the General Services information technology line item through interdepartmental grant (IDG) fund sources due to lower than anticipated project costs for FY 2017-18.

Authorization for this transfer is requested by November 29, 2018.

*The final Y-T-D expenditures amount for the General Services line item was not available at the time of this analysis. DTMB reports that it anticipates a balance of approximately \$5.0 million in the line item after all accounting transactions have been processed.

**Y-T-D expenditures for the Motor Vehicle Fleet line item are not yet reported in SIGMA as of 11/14/18. Amounts shown above reflect DTMB's current estimates for that line.